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FM AMEMBASSY BRIDGETOWN
TO RUEHC/SECSTATE WASHDC PRIORITY 4734
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHCV/AMEMBASSY CARACAS 1723
RUCPDOG/DEPT OF COMMERCE WASHDC
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL
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SIPDIS

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STATE FOR WHA/CAR
STATE FOR EEB/CBA AND EEB/IFD/OIA
STATE FOR L/CID AND L/WHA
STATE FOR CA/OCS/ACS/WHA
SOUTHCOM ALSO FOR POLAD

E.O. 12958: N/A

TAGS: [EINV](#) [CASC](#) [PGOV](#) [KIDE](#) [SC](#) [XL](#)

SUBJECT: ST. KITTS: GOVERNMENT EXPROPRIATION LEAVES AMCITS
IN THE DARK

1. (SBU) SUMMARY: Embassy Bridgetown continues to assist Amcit property owners in the expropriation case involving the government of St. Kitts and Nevis (GOSKN) and the Angelus resort. The GOSKN has mishandled the case by providing poor information to the owners and delaying the resolution of the Amcit owners' claims. While seeking to attract investment from large resort operators, GOSKN may have undermined its image among smaller investors, who may be equally important to the island's economic future.

Background

2. (SBU) In November 2006, the Embassy received a series of complaints from eight Amcits who owned condominiums at the Angelus Resort and Spa, a 108-unit combination hotel and condominium complex on St. Kitts' Frigate Bay. (NOTE: Post received complaints from eight Amcits, but it is possible that there are additional Amcit owners that have not contacted Post. END NOTE.) Initially, property owners requested advice to protect their investments. Post advised them to seek local legal counsel, but some responded that attorneys in St. Kitts were not interested in taking their cases. The office of Congressman Dave Camp (MI-04) expressed interest in the case via e-mail on February 6, to which Post responded.

3. (SBU) The GOSKN expropriated the Angelus resort in September 2006 through a resolution of the National Assembly. In his announcement of the action, Prime Minister Denzil Douglas justified the takeover by saying that the management of the resort found itself unable to meet its commitment to the GOSKN with respect to development of the property or its ability to satisfy its creditors and service providers. The GOSKN's intent, Douglas stated, was to sell the property to a corporation which would develop a five-star hotel on the site. It is rumored that the Marriott Corporation, which owns the 573-room St. Kitts Marriott Resort and Royal Beach Casino located directly across the street from the Angelus complex, discussed the purchase of the property with the GOSKN.

Power Turned Off

¶4. (SBU) In December 2006, the Amcit owners contacted Post a second time. Many of the tenants were students at the Ross University's School of Veterinary Medicine. (NOTE: Ross University, part of the DeVry group of universities, is an American university with a campus in St. Kitts. END NOTE.) Post learned from the owners that electricity had been turned off at the Angelus resort because the resort's management failed to pay the electricity bill. Break-ins occurred at the Angelus during the black out, raising concern about the tenants' safety. Post contacted GOSKN Attorney General Dennis Merchant and convinced him that the situation posed a threat to the safety of the Amcit residents and others. Merchant arranged for the lights to be turned back on until the tenants could relocate and also to allow those who wanted to remain at the Angelus to do so temporarily. Merchant detailed additional police officers to the Angelus, and Ross University stepped up its security patrols on the premises as well.

Inland Revenue Becomes Point of Contact

¶5. (SBU) In February 2007, the Attorney General's Office designated the Comptroller of Inland Revenue, Beverly Williams, as the point of contact for the Angelus property owners. Post provided the Comptroller's contact information to the owners, along with a list of attorneys. According to Williams, Inland Revenue has collected information from the owners about their property titles and value. However, Post continues to receive complaints from the property owners about the lack of information regarding the GOSKN

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compensation plans. Some have stated that the Comptroller is unwilling to speak with them.

¶6. (SBU) After a number of unproductive phone calls and e-mails to the Attorney General's Office, the Consul General finally spoke on April 23 with Williams, the Comptroller of Inland Revenue. Williams said that her office has been conducting a survey of the property in order to arrive at a "fair market value" for each unit. She added that the survey was nearly complete. Once the survey is finalized, Williams plans to inform the owners of the price the GOSKN is prepared to offer as compensation for the expropriation of their condominiums. As of May 15, the property owners had heard nothing from Williams.

COMMENT

¶7. (SBU) The actions of the GOSKN in the Angelus expropriation case demonstrate that the GOSKN is making large hotel investments a priority in its tourism sector development strategy, even if it is at the expense of smaller investors. For the past two years, St. Kitts has posted significant economic growth, mostly as a result of large-scale tourism investments, with the Marriott being the island's flagship hotel development. The GOSKN may view the expropriation of Angelus as a small price to pay for its ambitious development goals.
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